

Message Text

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ACTION COME-00

INFO OCT-01 ARA-06 ISO-00 EB-07 AID-05 CIAE-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 L-03 /052 W

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P R 211400Z APR 76

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC PRIORITY 886

INFO AMEMBASSY GUATEMALA

AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L SAN SALVADOR 1842

EO 11652: GDS

TAGS: PINT BBAK ES

SUBJ: UCS STILL SEEKING FINANCING

REF: (A) SAN SALVADOR 1256, (B) STATE 064833, (C) USDOC 18710,
(D) SAN SALVADOR 1340

1. REFTEL (A) REQUESTED THE DEPARTMENT'S (AND OTHER POSTS) ASSISTANCE IN ASCERTAINING THE BUSINESS REPUTATION AND GENERAL BONA FIDES OF INTERNATIONAL FUNDING ASSOCIATES OF AMERICA (IFAA) WHICH WAS DICKERING WITH THE UNION COMUNAL SALVADORENA (UCS) FOR A GOES GUARANTEED 50-100 MILLION DOLLAR LOAN. REFTELS (B) AND (C) WERE EXTREMELY USEFUL REPLIES, THE CONTENTS OF WHICH WERE DISCREETLY PASSED TO THE GOES AND UCS. THE GENERAL THRUST OF THE INFORMATION CAUSED THE GOES (PLANNING MINISTER VIEYTEZ) TO BREAK OFF NEGOTIATIONS REGARDING THE GOVERNMENT GUARANTEE, WHICH ESSENTIALLY KILLED THE SCHEME.

2. THE UCS APPEARS TO HAVE BEEN LEFT HOLDING AN UNFULFILLED PROMISES BAG, SINCE ITS LEADERS WERE RESPONSIBLE FOR NEWS STORIES CLAIMING BIG MONIES WERE ON THEIR WAY. SEVERAL SOURCES GO SO FAR AS TO ASSERT THAT THE FRACASO HAS SERIOUSLY DAMAGED THE UCS LEADERSHIP'S SUPPORT WITHIN THE ORGANIZATION. THE GOES, FROM THE PRESIDENT DOWN, IS SAID TO BE UPSET THAT THE UCS GOT INVOLVED WITH AN
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UNSAVORY BROKER, WHICH FORCED THE GOVERNMENT TO APPEAR TO

RENEG ON THE PRESIDENT'S DECEMBER PROMISE TO GUARANTEE
THE UCS ACCESS TO INTERNATIONAL FINANCES.

3. THE UCS REALIZES IT ACTED ALL TOO ENTHUSIASTICALLY
WITH INTERNATIONAL FUNDING (IFAA) AND SHOULD HAVE BEEN MORE
CAUTIOUS, AND LESS VOAL, IN ITS DEALING WITH THAT ENTITY.
IT NOW HAS BEEN OFFERED ANOTHER "PACKAGE" FOR FINANCING OF
A LOAN OFSIMILAR MAGNITUDE, BUT DEALING WITH A "REPUTABLE"
US FINANCIAL BROKERAGE HOUSE. THE UCS HAS ASKED THE EMBASSY
TO CHECK THE BUSINESS REPUTATION, ETC, OF THIS COMPANY,
AS QUITELY AND CONFIDENTIALLY AS POSSIBLE, SO THAT IT
WILL NOT REPEAT ITS MISTAKE WITH IFAA. THE NAME OF THE BROKER
FIRM WAS SUPPLIED TO THE UCS BY ARMANDO PAZ, A FORMER PARTNER
OF DR. JOHN FICA (REFTEL D) BUT WHO IS NOW AN INDEPENDENT
BROKER WORKING OUT OF GUATEMALA CITY. PAZ AGREED THAT A PRIOR
CHECK OF HIS US MONEY SOURCE WAS APPROPRIATE.

4. ACTION REQUESTED - THAT THE DEPARTMENT ASCERTAIN THE
PROFESSIONAL REPUTATION AND BACKGROUND OF: TOM MILLS
FINANCIAL INC. AND/OR TOM MILLS BROKERAGE CO., 111 EAST WACKER
DRIVE, CHICAGO, ILLINOIS 60601. DOES THIS FIRM HAVE THE
CAPACITY TO ARRANGE FINANCING IN THE 50 MILLION DOLLAR
RANGE& PAZ CLAIMS MILLS IS CAPABLE OF PUTTING TOGETHER A
PACKAGE OF THAT SIZE IN THE 4-6 PERCENT INTEREST RANGE, WITH A
FIFTEEN YEAR LOAN LIFE. WOULD APPRECIATE ANY INFORMATION
DEVELOPED ASAP.
CAMPBELL

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